

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	440015464E
IEM	A.L.G.I.
Date(s) in facility	Oct 30-31, 2006
PC(s)	Hennes & Mauritz AB
Number of workers	225
Product(s)	Hats
Production processes	Sampling, sewing, ironing, inspection, packing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings			Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation		Documentation	[Status]	Updates (Cite Date of Follow up)		Third-Party Verification		Company Verification Follow up		
					Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why						Target Completion Date	Factory Response (Optional)			Company follow up (Cite date of follow up)	Completed/ Pending/ On-going	Company Follow up	Documentation	External Verification (Date)	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)
1. Code Awareness																						
Code posting/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	H&M Code of Conduct was not posted in the factory.					Factory tour			Generally we do not require our Code of Conduct to be posted in the factory. In the case a factory produces for different buyers it might be confusing for the workers. Instead we encourage the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, for example through a handbook for the workers or on the notice board.	On-going										
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Participating company (H&M) has not trained management or employees on the Code.					Management interview			Factory management will receive renewed training on our Code of Conduct.	12/1/2007										
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	Although H&M has provided hotline number to some workers during the last compliance visit, this is not posted for the use of all workers.					Management interview			During our internal audits and discussions with the factory, H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	On-going; hotline June 2007										
2. Forced Labor																						
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																						
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.	The factory does not maintain any employment applications.					Documentation review			The factory should sign a legal labour contract with all workers individually no later than 30 days after they have started working in the factory. We will follow-up to ensure that this practice is in function.	At next audit.										
Freedom of Movement	Art. 96 of PRC Labor Law: The responsible person of the employer involved in any one of the following cases shall be taken by a public security department into custody for 15 days, fined, or given a warning, and criminal responsibilities shall be fixed upon whoever commits a crime: (1) Use of violence, threat or illegal deprivation of personal freedom to force labor; (2) Humiliation, corporal punishment, beating, and illegal search or holding of laborers.	Employers are prohibited from practices that restrict a worker's ability to terminate his or her employment or freedom of movement, including physical or mental coercion, deposits, unreasonable financial penalties or recruitment fees, and access to and renewal of identity papers and/or work permits or other legal identification documents.	[Employees interviewed] stated that they had to pay 50 Yuan as deposit when hired and the money would be returned to them after two months of work in the facility.					Employee interview and management interview			During our internal audits and discussions with the factory we encourage the factory to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers. These should include all disciplinary procedures, including procedures for hiring and termination in place in the factory. We do not accept monetary penalties but do instead encourage the factory to work with incentive based systems. Records of disciplinary actions should be kept in the factory for review. We have initiated a dialogue with the factory regarding this and it will be systematically checked during coming audits and follow up at the factory to ensure that the penalty system is abolished.	10/1/2007										
Policy			Facility has no written policy regarding Harassment or Abuse.					Documentation review and management interview			During our internal audits and discussions with the factory, we encourage the factory to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers. These should include all disciplinary procedures, including procedures for hiring and termination in place in the factory. We do not accept monetary penalties but do instead encourage the factory to work with incentive based systems. Records of disciplinary actions should be kept in the factory for review. We have initiated a dialogue with the factory regarding this and it will be systematically checked during coming audits and follow up at the factory to ensure that the penalty system is abolished.	10/1/2007										
3. Child Labor																						
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than																						

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					Evidence of Non-compliance (uncorroborated)	If not corroborated explain why						Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)			Company Follow up	Documentation	External Verification (Date)	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
4. Harassment or Abuse																						
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																						
Disciplinary Practices	Art. 4 of PRC Labor Law: The employer shall establish and perfect rules and regulations in accordance with law and guarantee that laborers enjoy labor right and fulfill labor obligations.	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.	The factory does not have a policy or procedure for handling discipline.					Documentation review and management interview			During our internal audits and discussions with the factory, H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	10/1/2007										
Policy			Facility has no written policy regarding prohibition of Harassment or Abuse.					Documentation review and management interview			During our internal audits and discussions with the factory, H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	10/1/2007										
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	No record of disciplinary proceedings was kept by the factory.					Documentation review and management interview			During our internal audits and discussions with the factory, H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	10/1/2007										
5. Nondiscrimination																						
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																						
Policy	Art. 15 of PRC Labor Law: Laborers shall not be discriminated against in employment due to their nationality, race, gender or religious belief.		Facility has no policy or procedures regarding Non-discrimination.					Documentation review and management interview			During our internal audits and discussions with the factory, H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	10/1/2007										
6. Health and Safety																						
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																						
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Facility has no personnel with first aid certificate.								The factory should ensure that in each workshop there are a sufficient number of staff present during working hours who are trained in first aid.	4/1/2007										

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Evacuation Procedure	Art. 14.6 of PRC Fire Prevention Law: Keep the evacuations passages and exits clear. Set up the safety demarcation in accordance with national standards.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Aisles are not marked with red lines or yellow arrows.					Factory tour			H&M requires the factory to maintain safety in the work premises according to local law and our Code of Conduct. The workers should be able to easily evacuate the premises in case of emergency, and the building is to be considered as safe. The factory premises should be equipped with enough and well maintained fire extinguishers. The workers should at regular intervals receive training on how to use the fire extinguishers.	12/1/2006										
PPE	Art. 37 of PRC Work Safety Law: Production and business units shall provide their employees with PPE that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these PPE in accordance with the rules for their use.	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Workers in one sewing section did not wear ear plugs although noise was tested to be above 85dBS.					Factory tour			The workers should be provided with relevant personal protective equipment depending on work process, along with education both orally and in writing in their native language on how to use it.	12/1/2006										
Machinery Maintenance	Art. 32 of Regulation of Factory Safety and Sanitary: Hazardous parts like mechanical belt, gear, grinding wheel, electric saw, belt pulley and flywheel, etc. shall be equipped with protective devices.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Five sewing machines were missing pulley guards and all sewing machines were missing needle guards.					Factory tour			The machines should be provided with relevant protective equipment depending on work process, along with education both orally and in writing in their native language on how to use it.	12/1/2006										
Sanitation in Facilities	Art. 68 of PRC Factory Safety and Sanitary Regulations: The factory should be equipped with bathroom, toilet, dressing room, retiring room and female workers' restroom if needed. Restrooms and other facilities described above should be maintained clean and functional.	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	No toilet paper or soap is available in the bathrooms.					Factory tour			We require that the restrooms should be kept and maintained clean. Soap should be available. We have suggested the factory to appoint one person to be responsible to ensure that cleanliness is maintained in the restrooms on a daily basis.	12/1/2006										
7. Freedom of Association and Collective Bargaining																						
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																						
Freedom of Association: FLA Comment		FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.																				
		The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-regulated administrative agreements.																				
Policy			Facility has no written policy related to Freedom of Association.					Documentation review and management interview			The workers should be free to form associations of their own choosing, and to bargain collectively. We don't accept any disciplinary actions from the factory against workers who choose to peacefully and lawfully organize or join an association. During our audits and discussions with the factory, we will encourage the factory to develop a functioning dialogue system between the workers and the management in the factory.	On-going										
8. Wages and Benefits																						
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																						
Legal Compliance for holiday/leave	Art. 51. of PRC Labor Law: The employer shall pay wages to laborers in accordance with law when they have legal holiday, take leaves during periods of marriage or mourning, and participate in social activities in accordance with law.	Workers will be paid for holidays and leave as required by law.	Employees did not receive wages for legal holidays (May 1st to 3rd).					Documentation review and management interview			Paid national holidays, annual leave, maternity leave, sick leave and casual leave should be given to all workers according to the law without discrimination. We will follow-up on this point at next audit.	At next audit.										
Timely Payment	Article 7 of Interim Regulation for the Payment of Wages (Chapter V: Wages): Wages shall be paid on the date agreed between employing units and laborers. If payday falls on a holiday or rest day, wages shall be paid in advance on the nearest workday. Wages shall be paid at least once per month. Employing units utilizing weekly, daily or hourly pay system may pay wages weekly, daily, hourly.	All compensation shall be paid in a timely manner.	[Workers interviewed] stated that once they received the wage 7 to 8 days later than the agreed payment day.					Employee interview and management interview			All wages should be paid regularly, no longer than 30 days after the work period ended. We will carry out an investigation to find the cause of this delay and discuss with the factory how to adopt measures in order to ensure that future payments can be ensured to be correct and timely.	At next audit.										

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Wage and Benefits Posting		All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection	Labor related laws or regulations were not observed posted in the facility					Factory tour			We will encourage the factory to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, both orally and in writing posted on the wall.	12/1/2006									
8. Hours of Work																					
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																					
Overtime Limitations	Art. 41 of PRC Labor Law: Employees should not be allowed to work more than three overtime hours per day and 36 overtime hours per month.		In average, the overtime hours of the factory are 3.5 to 4 hours per day and 50 hours per month, both of which exceed the legal limitations established by PRC labor law.					Time records and worker interviews			We require the factory to provide true documentation on salaries and working hours. The aim is to, through dialogue with the factory, establish a system to reduce the overtime in a sustainable manner. The long term aim is to, through improved production planning and efficiency, steadily reduce the overtime hours in order to meet the legal limit of overtime hours per month. In the short term, we require the factory to make sure that they can ensure that the workers may have one day off per week, and reduce the number of overtime hours in the weekdays. H&M will carry out an unannounced audits in order to monitor the development.	On-going									
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	From January to August 2006, about 30% weeks' total working hours are over 60 hours per week and the maximum overtime hours per week reached 74 hours in February, which is not in compliance FLA standards.					Time records and worker interviews			We require the factory to provide true documentation on salaries and working hours. The aim is to, through dialogue with the factory, establish a system to reduce the overtime in a sustainable manner. The long term aim is to, through improved production planning and efficiency, steadily reduce the overtime hours in order to meet the legal limit of overtime hours per month. In the short term, we require the factory to make sure that they can ensure that the workers may have one day off per week, and reduce the number of overtime hours in the weekdays. H&M will carry out unannounced audits in order to monitor the development.	On-going									
Rest Day	Art. 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least one day off per week.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Production employees worked 20 consecutive days without one day off in July and August 2006.					Time records and worker interviews			We require the factory to provide true documentation on salaries and working hours. The aim is to, through dialogue with the factory, establish a system to reduce the overtime in a sustainable manner. The long term aim is to, through improved production planning and efficiency, steadily reduce the overtime hours in order to meet the legal limit of overtime hours per month. In the short term, we require the factory to make sure that they can ensure that the workers may have one day off per week, and reduce the number of overtime hours in the weekdays. H&M will carry out an unannounced audits in order to monitor the development.	On-going									
10. Overtime Compensation																					
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																					
OT Compensation	Art.13 of Interim Regulation on the Payment of Wages: Piece workers who are required to work overtime after they finished production quotas must be paid no less than 150% (regular work days), 200% (days of rest), or 300% (on statutory holidays) of the normal piece rate during regular working hours.	The factory shall comply with applicable law for premium rates for overtime compensation.	Piece-workers receive 100% of the regular wage for all OT hours, which violates the PRC Labor laws.					Documentation review and management interview			When working overtime, the workers should be compensated according to the legal overtime rates. We will initiate a dialogue with the factory on how to ensure that overtime compensation will be paid to the workers in the future.	On-going									
Miscellaneous																					